



Fall 1997

Wholesale Licensee

VIRGINIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL.

The information contained in this licensee bulletin is a summary of the Board's regulations and those sections of the Virginia State Code that pertain to a Wholesale Wine or Wholesale Beer licensee. It is recommended that wholesale licensees and their employees become familiar with the material contained in this bulletin.

1. The privileges of a wholesale beer license are:
 - The sale of beer to a retail licensee that holds a Beer On, Beer Off or Beer On /Off Premises License.
 - The sale of beer to banquet licensees.
 - The sale of kegs of beer for off premises consumption to those retailers that hold a Keg Permit in addition to the above licenses.
 - The transfer of beer to other wholesale beer licensees.
 - The sale of beer that is shipped out of state or to the military.
 - The sale of beer to ships sailing to foreign ports or other states.
2. The privileges of a wholesale wine license are:
 - The sale of wine to a retail licensee who holds a Wine and Beer Off Premises or a Wine and Beer On and Off Premises License.
 - The sale of wine to a banquet licensee.
 - The sale of kegs (containers over four gallons) for off premises consumption to those retailers who hold a Keg Permit in addition to the above licenses.
 - The sale of Low Alcohol Beverage Coolers to a retail licensee that holds a Wine and Beer Off Premise License and to a Mixed Beverage Restaurant Licensee if they are going to sell for on premises consumption. Low Alcohol Beverage Coolers can only be sold in those localities that have approved the sale of Mixed Beverages.
 - The transfer of wine to other Wine Wholesale Licensees in the Commonwealth
 - The sale of wine that will be shipped out of the state or to the military.
 - The sale of wine to ships sailing to foreign ports or other states.
3. Wholesalers may provide retail licensees with any non-permanent advertising materials which are:
 - Non-mechanical.
 - Consists of printed matter on paper, cardboard, canvas or plastic stock. However, canvas
 - Advertising materials shall be restricted to fabric banners containing only one dimensional
 - Display surfaces. Plastic advertising materials shall be restricted to thin sheets or strips
 - Containing two dimensional display surfaces.
 - Inflatable plastic items, provided their cost does not exceed \$5.00 in wholesale value
 - Draft beer and wine knobs.

The above advertising materials may be installed inside the retailer's premises by a wholesaler using any normal and customary means (string, tape, thumb tacks). With the consent of the retailer, the wholesaler may mark or affix retail prices on these materials.

No advertising materials can contain any reference to any present or former athlete or athletic team.

4. Wholesale Licensees may distribute novelty items, provided the following conditions are met:
 - Wholesale licensees may provide novelty items not in excess of \$5.00 in wholesale value, limited to one item per visit per retailer and per employee. These items may not be displayed or worn by employees on the retailers' premises.
 - Novelty items may not be given to patrons on the retailers' premises.
 - Novelty items may be distributed to individuals at a non licensed location provided the item does not exceed \$5.00 in wholesale value.
5. For the purposes of maintaining the freshness of the stock, a wholesale licensee may (except on Sunday) perform the following services with the consent of the retailer:
 - Rotate, repack, and rearrange wine and/or beer in a display.
 - Restock wine and beer.
 - Rotate, repack, rearrange and add to his own stocks of wine or beer in a storeroom space assigned to him by the retailer.
 - Transfer wine or beer between storerooms and displays.
 - Create or build original displays using wine or beer products only.

Wholesale licensees **may not**:

- alter or disturb the merchandise sold by another wholesaler except when it has been erroneously placed in the area assigned to the wholesaler by the retailer, or when a floor display is reassigned by the retailer to another wholesaler.
 - mark or affix retail prices.
 - sell or offer to sell alcoholic beverages to a retailer with the privilege of return except for:
 - ♦ Products defective at the time of delivery.
 - ♦ Products erroneously delivered may be replaced or money refunded.
 - ♦ Products discontinued by a manufacturer nationally may be returned and money refunded.
 - ♦ Resalable draft beer may be returned and money refunded.
 - ♦ Wine or beer may be exchanged on an identical quantity, brand and package basis for quality control purposes. Such exchange shall be documented on an invoice with the word "exchange" with a copy left with the retailer.
 - ♦ Products in the possession of a retail licensee whose license has been terminated by operation of law, voluntary surrender or by Board Order may be returned and money refunded upon a permit issued by the Board.
6. All sales of alcoholic beverages between a wholesale licensee and a retailer must be paid for by "cash" at the time of or prior to delivery. "Cash" is defined by the Board's Regulations to be United States currency, money order, a check in the name of the retail licensee or trade name of the business making the purchase or electronic fund transfer.

A check, money order or electronic fund transfer may not be in an amount larger than the purchase price of the alcoholic beverages. However, if non-alcoholic beverages are also sold to the retail licensee at the same time the wholesale licensee may accept payment no larger than the combined amount of the alcoholic beverages and non-alcoholic merchandise. A separate invoice must be generated for the non-alcoholic merchandise. Wholesale Licensees must maintain records on their premises of all invalid checks, money orders or incomplete electronic fund transfers received from a retail licensee as payment for alcoholic beverages. **Sales of alcoholic beverages must be suspended to a retail licensee once an invalid check has been received and cannot resume until the check has been satisfied.** Wholesale Licensees are required to file monthly reports with the Board on invalid checks received as payment for alcoholic beverages. These reports are to be on forms provided by the Board and in accordance with instructions provided with the form.

u

7. A person must be eighteen (18) years of age to be employed as a solicitor salesman for wine and beer. A wholesaler or its employees may not be employed in any capacity by a retail licensee.
8. A Wholesale Licensee may provide the following services and items to a retail licensee:
 - Draft wine/beer knobs which shall include the brand name of the product and cannot be illuminated.
 - Tapping equipment which includes all parts of the mechanical system required for dispensing draft beer in a normal manner from the carbon dioxide tank through the beer faucet, excluding the following:
 - ♦ carbonic gas (may be sold to a retail licensee at cost).
 - ♦ gas pressure gauges (may be sold at cost).
 - ♦ draft boxes.
 - ♦ draft arms or standards.
 - ♦ refrigeration equipment or components.
 - Bottle or can openers less than \$5.00 in value.
 - Spirits back bar pedestals
 - Clip-ons and table tents provided that they list no more than four wines or four beers and have not been customized for the retail licensee.
 - Wholesalers may sell paper or plastic cups to banquet licensees that have wine or beer advertising, provided the reasonable wholesale price is charged.
 - Wholesalers may clean, for free or for a fee, coils and like equipment used in dispensing wine and beer and may sell solutions for cleaning wine and beer glasses to retail licensees provided the reasonable market price is charged.
 - Wholesalers may sell ice to retail licensees provided the reasonable market price is charged.

A wholesaler may sell, rent or lend to any retailer, for use by a purchaser of draft beer in kegs from such retailer, whatever tapping equipment necessary to extract the beer from its container. Wine tapping equipment may be sold to a retailer and installed in the retailer's establishment by wholesale licensees provided they are sold at a price not less than the cost to the wholesaler and the price is collected within thirty (30) days. Wine tapping accessories include standards, faucets, rods, vent tongues, shanks and check valves. Wine tapping equipment does **not include**:

- Draft wine knobs (which may be given to a retailer).
- Carbonic gas, nitrogen gas, or compressed air in containers which may be sold to the retailer
- If the price is collected within thirty (30) days of the sale.
- Mechanical refrigeration equipment.

9. Wholesale licensees may provide retail licensees “*routine business entertainment*”~ which is defined as meals and beverages, concerts, theater and arts entertainment, entertainment at charitable events and private parties. When entertaining retail licensees, wholesalers must abide by the following conditions:
- There can be no corresponding obligation on the part of the retailer to purchase alcoholic beverages or provide any other benefit to the wholesaler or to exclude the sale of another wholesaler’s products at the retailer’s establishment.
 - The wholesaler must accompany the personnel of the retail licensee during such entertainment.
 - No entertainment can be offered that requires an overnight stay.
 - No more than \$200.00 can be spent per 24-hour period on any retail licensee or employee.
 - No retailer or employee can be entertained more than six times per calendar year by a wholesaler.
 - Wholesalers must keep complete and accurate records for a period of three years of all expenses incurred in the entertainment of retail licensees.
10. Sunday deliveries by wholesalers to retail licensee are prohibited except to boats sailing to polls of call outside of the Commonwealth and to banquet licensees. Wholesalers may not perform other permitted services such as stocking coolers for retail licensees on Sunday.
11. Gifts of alcoholic beverages by a licensee to any other person are prohibited except as follows
- Personal friends.
 - A wholesale licensee may give to a retail licensee a sample serving of wine or beer not sold by the retail licensee. The sample may not exceed 52 fluid ounces and the label must bear the word Sample.
 - Wholesalers may participate in a wine or beer tasting sponsored by a Gourmet Shop Licensee for its customers and may provide educational material either oral or written as well as participate in the pouring of wine or beer.
12. Elaborate tapping equipment such as draft trucks, vans or trailers may only be lent to banquet licensees and annual Mixed Beverage Caterer licensees. This type of tapping equipment may not be loaned to individuals.

Should you have any questions on the subjects covered in this bulletin or on matters relating to the operation under a Wine or Beer Wholesale License, you are encouraged to contact a member of the Board’s Compliance Section.

Curtis W. Coleburn, III
Policy, Legislative, Judicial Director